

LOUIS ARMSTRONG NEW ORLEANS INTERNATIONAL AIRPORT
(A Proprietary Component Unit of the City of New Orleans)

Financial Statements and Supplemental Schedules

December 31, 2013 and 2012

(With Independent Auditors' Report Thereon)

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date SEP 17 2014



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LOUIS ARMSTRONG NEW ORLEANS INTERNATIONAL AIRPORT
(A Proprietary Component Unit of the City of New Orleans)

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Independent Auditors' Report

New Orleans Aviation Board and the
City Council of the City of New Orleans, Louisiana:

Report on the Financial Statements

We have audited the accompanying financial statements of the Louis Armstrong New Orleans International Airport (the Airport), a proprietary component unit of the City of New Orleans, as of and for the years ended December 31, 2013 and 2012, and the related notes to the financial statements, which collectively comprise the Airport's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Change in Accounting Principle

As described in Note 1(q) to the financial statements, the Airport implemented GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*, in 2013. This standard provides guidance for reporting the financial statement elements of deferred outflows and inflows of resources and also identifies certain items previously reported as assets and liabilities that the GASB determined should be recognized as revenues or expenses when incurred and not reported in the statements of net position. Our opinion is not modified with respect to this matter.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Louis Armstrong New Orleans International Airport as of December 31, 2013 and 2012, and the changes in financial position and cash flows for the years then ended, in conformity with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4 through 17 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audits were conducted for the purpose of forming an opinion on the basic financial statements that collectively comprise the Airport's basic financial statements. Supplemental schedules listed in the foregoing table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements. The supplemental schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The Supplemental schedules 1 and 2 have been subjected to the auditing procedures applied in the audits of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, supplemental Schedules 1 and 2 are fairly stated in all material respects, in relation to the basic financial statements taken as a whole.

Schedule 3 has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated June 27, 2014, on our consideration of the Airport's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Airport's internal control over financial reporting and compliance.

Postlethwaite & Tetterville

Metairie, Louisiana

June 27, 2014

LOUIS ARMSTRONG NEW ORLEANS INTERNATIONAL AIRPORT
(A Proprietary Component Unit of the City of New Orleans)

Management's Discussion and Analysis

December 31, 2013 and 2012

(Unaudited)

This narrative discussion and analysis is intended to serve as an introduction to the Louis Armstrong New Orleans International Airport's basic financial statements for the fiscal years ended December 31, 2013 and 2012, with selected comparative information for the fiscal year ended December 31, 2011. The information presented here should be read in conjunction with the financial statements, footnotes, and supplementary information in this report.

Overview of the Financial Statements

The Louis Armstrong New Orleans International Airport (the Airport) is structured as an enterprise fund. The financial statements are prepared on the accrual basis of accounting. Therefore, revenues are recognized when earned and expenses are recognized when incurred. Capital assets are capitalized and depreciated, except for land, over their useful lives. See the notes to the financial statements for a summary of the Airport's significant accounting policies.

Following this Management Discussion and Analysis (MD&A) are the basic financial statements and supplemental schedules of the Airport. This information taken collectively is designed to provide readers with an understanding of the Airport's finances.

The statements of net position present information on all of the Airport's assets and deferred outflows, and liabilities and deferred inflows, with the difference between these reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of the Airport's financial position.

The statements of revenues, expenses, and changes in net position present information showing how the Airport's net position changed during the fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in these statements for some items that will result in cash flows in future fiscal periods.

The principal operating revenues of the Airport are from sources such as airlines, concessions, rental cars, and parking. Investment income, passenger facility charges, customer facility charges, federal grants, and other revenues not related to the operations of the Airport are nonoperating revenues. Operating expenses include the cost of airport and related facilities maintenance, administrative expenses, and depreciation on capital assets. Interest expense and financing costs are nonoperating expenses.

The statements of cash flows relate to the flows of cash and cash equivalents. Consequently, only transactions that affect the Airport's cash accounts are recorded in these statements. A reconciliation is a part of these statements to assist in the understanding of the difference between cash flows from operating activities and operating income or loss.

LOUIS ARMSTRONG NEW ORLEANS INTERNATIONAL AIRPORT
(A Proprietary Component Unit of the City of New Orleans)

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(Unaudited)

Financial Highlights

The Board received approval for participation in the Gulf Tax Credit Bonds Program (Go Zone Tax Credit Bonds) sponsored by the State of Louisiana in an amount not exceeding \$36,000,000. The Airport was approved for \$35,371,990 for an interest free period of 60 months. By July 2008, the Airport had drawn the full amount authorized, using the funds to pay debt service on the Bonds and related interest rate swap payments. The airports initial interest payment was due January 15, 2012 and its first principal and second interest payment was due July 15, 2012. The Airport withheld these payments initially during 2012 pending an ongoing petition for loan forgiveness. Subsequently, the Airport remitted the four interest payments and one principle payment in 2013 and is current on all interest and principle payments as of the date of this report.

The Airport negotiated a new Commercial Airline Lease effective January 1, 2009 with the Airline Transportation Companies. The new Airline - Airport Use and Lease Agreement (the "2009 Airline Lease Agreement") has an overall residual airline rate-setting methodology and a five-year term, which expires on December 31, 2013. In November 2013, the Board approved an amendment to extend the agreement for a period not to exceed one (1) year under the same terms and conditions. Other key provisions to the Agreement include, a single terminal building rental rate, an annual deposit requirement to the General Purposes Fund, and airline approved capital projects that the NOAB may undertake at any time as demand warrants. To date, ten airlines, representing the vast majority of aviation activity at the Airport, have executed the Agreement.

Financial Position

Total assets and deferred outflows of resources decreased by \$22,254,036 (2.8%) this year due primarily to a decrease in investments as a result of costs associated with preparing the terminal for Super Bowl and a decrease in capital assets resulting from the excess of depreciation over capital improvements. Total liabilities decreased by \$28,267,822 (6.7%) primarily resulting from a decrease in capital projects payable and accounts payable in the amounts of \$10,778,073 and \$6,720,350 respectively.

The largest portion of the Airport's net position, \$231,486,570 (61%) at 2013 and \$240,276,708 (64%) at 2012, represents its net investment in capital assets (e.g., land, buildings, machinery, and equipment). The Airport uses these assets to provide services to its passengers, visitors, and tenants of the airport; consequently, these assets are not available for future spending. Although the Airport's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from operations, since the capital assets cannot be used to liquidate these liabilities.

An additional portion of the Airport's net position, \$106,887,796 (28%) at 2013 and \$91,338,713 (25%) at 2012, represents resources that are subject to restrictions from contributors, bond indentures, and state and federal regulations on how they may be used. The remaining balance of unrestricted net position, \$40,463,817 (11%) at 2013 and \$41,208,974 (11%) at 2012, may be used to meet the Airport's ongoing obligations.

At the end of the current and previous fiscal year, the Airport reported positive balances in all three categories of net position.

LOUIS ARMSTRONG-NEW ORLEANS INTERNATIONAL AIRPORT
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Management's Discussion and Analysis

December 31, 2013 and 2012.

(Unaudited)

Summary of Net Position (in thousands)

	2013	2012	2011
Assets:			
Current and other assets	\$ 230,692	\$ 235,873	\$ 288,389
Net capital assets	522,258	537,072	488,101
Total Assets	<u>\$ 752,950</u>	<u>\$ 772,945</u>	<u>\$ 776,490</u>
Deferred Outflows of Resources:			
Losses on advance refunding	\$ 20,173	\$ 22,432	\$ 24,691
Liabilities:			
Current liabilities	\$ 41,198	\$ 55,808	\$ 59,768
Long-term liabilities	353,087	366,745	379,766
Total Liabilities	<u>\$ 394,285</u>	<u>\$ 422,553</u>	<u>\$ 439,534</u>
Deferred Inflows of Resources:	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Net Position:			
Net investment in capital assets	\$ 231,487	\$ 241,373	\$ 218,970
Restricted	106,888	93,306	90,813
Unrestricted	40,463	38,145	51,864
Total Net Position	<u>\$ 378,838</u>	<u>\$ 372,824</u>	<u>\$ 361,647</u>

Debt Activity

At the end of the current fiscal year, the Airport had total debt outstanding of \$368,642,918. The Airport's debt represents bonds secured solely by operating revenue and bonds payable from PFC and CFC revenue.

As of the date of the audit all required Go Zone loan principal and interest payments have now been made.

Outstanding Debt (in thousands)

	2013	2012	2011
Bonds payable:			
Revenue Refunding Bonds 2007 (PFC)	\$ 75,590	\$ 78,490	\$ 81,255
Revenue Refunding Bonds 2009A-C	111,730	120,225	128,355
GO Zone CFC Revenue Bonds 2009A	96,515	96,515	96,515
GO Zone PFC Revenue Bonds 2010A-B	53,640	53,640	53,640
Unamortized bond discount	(3,158)	(3,321)	(3,483)
Unamortized bond premium	639	665	691
Loans payable: GO Zone Tax Credit Bonds	33,688	35,372	35,372
Interest payable: GO Zone Tax Credit Bonds	741	2,423	820
	<u>\$ 369,385</u>	<u>\$ 384,009</u>	<u>\$ 393,165</u>

More detailed information on long-term debt can be found in Note 5 of the accompanying financial statements.

LOUIS ARMSTRONG NEW ORLEANS INTERNATIONAL AIRPORT
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Management's Discussion and Analysis

December 31, 2013 and 2012

(Unaudited)

Capital Assets

The Airport's investment in capital assets can be noted in the following table. The total increase for this fiscal year was 2% before accumulated depreciation and amortization. Major capital asset events occurring this fiscal year include the following:

- Land improvements/other buildings increased primarily due to the completion of CONRAC at a cost of \$105 million, Security Perimeter Fence at a cost of \$2.3 million, and Access Road Upgrade at a cost of \$2 million.
- Terminal buildings and furnishings increased primarily due to the completion of Terminal Improvements Phase IV at a cost of \$13.6 million, Terminal Improvements Phase IVA at a cost of \$3.3 million, and Concourse B Renovations at a cost of \$2.5 million.
- Construction in progress additions were primarily due to progress on the following projects:

Project	Approximate cost during FY 2013 (not including capitalized interest)
New Terminal Design	\$7 million
Utility Building	\$2 million
Long-term Development – Environmental, Financial, and Land Reuse	\$952 thousand
Concrete Pavement Repairs	\$850 thousand
Airfield Electrical Repairs	\$567 thousand

These increases were offset by the completion of various projects. More detailed information on capital assets can be found in Note 4 of the accompanying financial statements.

Net Capital Assets (in thousands)

	2013	2012	2011
Land	\$ 85,309	\$ 85,309	\$ 85,309
Air rights	22,283	22,283	22,283
Land improvements	497,891	386,947	341,920
Buildings and furnishings	419,616	399,470	373,918
Equipment	8,215	7,290	6,496
Computers	723	723	713
Utilities	14,075	14,255	7,786
Heliport	3,074	3,074	3,074
Construction in progress	25,374	133,475	129,621
Total capital assets	<u>1,076,560</u>	<u>1,052,826</u>	<u>971,120</u>
Less accumulated depreciation	<u>554,302</u>	<u>515,754</u>	<u>451,719</u>
Net capital assets	<u>\$ 522,258</u>	<u>\$ 537,072</u>	<u>\$ 488,101</u>

LOUIS ARMSTRONG NEW ORLEANS INTERNATIONAL AIRPORT
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Management's Discussion and Analysis

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Airlines Rates and Charges

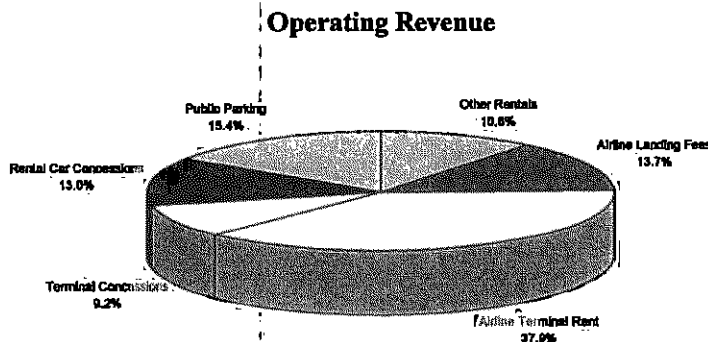
As previously discussed, a new Airline Airport Use and Lease Agreement became effective January 1, 2009. The rates effective January 1, 2013 and 2012 were as follows:

	2013	2012
Terminal building rental rates (per sq. ft.)	\$ 97.44	\$ 99.02
Landing fee rate (per 1,000 lbs)	1.64	1.85
Apron use fee rate (per sq. ft.)	1.90	1.81
Loading bridge use fee (per bridge)	11,168	14,481
Enplaned passenger use fee (per passenger)	7.32	7.56

Under the terms of the agreement, these rates are subject to a mid-year adjustment and year-end settlement. The Airport is required to use its best efforts such that within the later of (i) one hundred twenty (120) days following the close of each fiscal year or (ii) within sixty (60) days of receipt of audited financial statements, rates for rentals, fees, and charges for the preceding fiscal year shall be recalculated using available financial data and the methods set forth in Exhibit F of the agreement. For the fiscal years ended December 31, 2013 and 2012, the Airport's final rate structure varied from the rates in effect during the year.

Revenues

The following chart shows major sources and the percentage of operating revenues for the year ended December 31, 2013.



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Operating Revenues (in thousands)

	<u>2013</u>	<u>2012</u>	<u>2011</u>
Passenger and cargo airlines:			
Airline Landing fees	\$ 10,060	\$ 12,554	\$ 7,883
Airline Terminal rents	27,746	31,165	22,197
Land rents	112	50	50
Other rents	2,882	2,731	2,427
Total passenger and cargo airlines	<u>40,800</u>	<u>46,500</u>	<u>32,557</u>
Non airline rentals:			
Terminal concessions	6,976	5,182	4,915
Car rental concessions	9,501	9,171	8,584
Public parking	11,289	9,314	10,720
Other rents	4,919	4,489	4,531
Total nonairline revenues	<u>32,685</u>	<u>28,156</u>	<u>28,750</u>
Total operating revenues	<u>\$ 73,485</u>	<u>\$ 74,656</u>	<u>\$ 61,307</u>

2013 vs. 2012

The 2009 Airline Lease Agreement remains in effect for 2013. Total air carrier revenue for 2013 decreased by \$5,609,586 (12%) over 2012 due primarily to the 2011 airline settlement in the amount of \$7,342,837 recorded in 2012. Non airline revenue increased by \$4,531,655 (16%), due primarily to a decrease in terminal concessions and parking revenues.

2012 vs. 2011

Total air carrier revenue for 2012 increased by \$13,942,950 (43%) over 2011 due to an adjustment to the 2011 airline settlement in the amount of \$7,342,837. Non airline revenue increased by \$594,085 (2%), due primarily to an increase in parking revenues.

Cost per enplaned passenger (CPE) is a measure used by the airline industry to reflect the costs an airline pays to operate at an airport based upon the number of enplaned passengers for that airport. The cost per enplaned passenger decreased from \$9.07 in 2011 to \$8.70 in 2012 and decreased to \$8.38 in 2013.

	<u>2013</u>	<u>2012</u>	<u>2011</u>
Cost per enplaned passenger:			
Airline revenues	\$ 38,528	\$ 37,471	\$ 38,829
Enplaned passengers	4,598	4,307	4,281
Cost per enplaned passenger	<u>\$ 8.38</u>	<u>\$ 8.70</u>	<u>\$ 9.07</u>

LOUIS ARMSTRONG NEW ORLEANS INTERNATIONAL AIRPORT
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Management's Discussion and Analysis

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(Unaudited)

Non-Operating Revenues (in thousands)

The following chart shows major sources of non-operating revenues for the year ended December 31, 2013.

	<u>2013</u>	<u>2012</u>	<u>2011</u>
Interest income	\$ 47	\$ 129	\$ 99
Passenger facility charges	18,447	17,271	17,389
Customer facility charges	11,705	11,438	11,456
Capital contributions	9,186	2,750	12,291
Other	1,792	1,295	2,053
	<u>\$ 41,177</u>	<u>\$ 32,883</u>	<u>\$ 43,288</u>

2013 vs. 2012

Non-operating revenues for 2013 increased by \$8,294,000, due primarily to an increase in grant revenue for capital projects received from the federal government and an increase in facility charges due to an increase in boardings in 2013 as opposed to 2012.

2012 vs. 2011

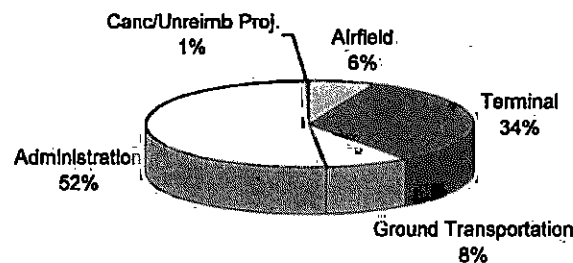
Non-operating revenues for 2012 decreased by \$10,405,562, due primarily to a reduction in grant revenue received from the federal government.

Expenses

The following chart shows major expense categories and the percentage of operating expenses for the year ended December 31, 2013.

Operating Expenses (Excluding Depreciation)

Operating Expenses before Depreciation



LOUIS ARMSTRONG NEW ORLEANS INTERNATIONAL AIRPORT
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Management's Discussion and Analysis

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(Unaudited)

	2013	2012	2011
Direct			
Airfield	\$ 2,110	\$ 2,555	\$ 2,241
Terminal	16,116	16,028	12,186
Ground transportation	4,789	3,291	4,303
Administration	24,497	24,572	22,767
Cancelled/unreimbursed projects	83	704	1,681
	<u>\$ 47,595</u>	<u>\$ 47,150</u>	<u>\$ 43,178</u>

2013 vs. 2012

The operating expenses before depreciation and amortization increased by \$444,943 over the prior year, due primarily to increased direct airfield and ground transportation costs in 2013.

2012 vs. 2011

The operating expenses before depreciation and amortization increased by \$3,971,089 (9%) over the prior year, due primarily to increased costs for the City of New Orleans Fire services in the amount of \$1,671,838 (59%) and the costs for preparing the terminal for Super Bowl of \$3,728,496 (100%).

Non-Operating Expenses

The following chart shows major expense categories of non-operating expenses for the year ended December 31, 2013 (in thousands).

	2013	2012	2011
Interest expense	\$ 21,359	\$ 16,171	\$ 14,288
Other	366	306	1,470
	<u>\$ 21,725</u>	<u>\$ 16,477</u>	<u>\$ 15,758</u>

2013 vs. 2012

Non-operating expenses increased by \$5,187,702 over the prior, due primarily to an increase in interest expense due to the decrease in the amount of interest capitalized due to the completion of significant capital project improvements.

2012 vs. 2011

Non-operating expenses increased by \$719,250 over the prior, due primarily to an increase in interest expense.

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Total Revenues and Expenses (in thousands)

The following table reflects the total revenues and expenses for the Airport (in thousands):

	2013	2012	2011
Total operating revenues	\$ 73,485	\$ 74,656	\$ 61,307
Total nonoperating revenues	40,349	32,577	43,288
Total revenues	<u>\$ 113,834</u>	<u>\$ 107,233</u>	<u>\$ 104,595</u>
Total operating expenses	\$ 86,461	\$ 79,885	\$ 75,625
Total nonoperating expenses	21,359	16,171	15,758
Total expenses	<u>\$ 107,820</u>	<u>\$ 96,056</u>	<u>\$ 91,383</u>

Summary of Changes in Net Position (in thousands)

	2013	2012	2011
Summary of changes in net position:			
Operating revenues	\$ 73,485	\$ 74,656	\$ 61,307
Operating expenses	47,595	47,150	43,178
Operating income before depreciation and amortization	25,890	27,506	18,129
Depreciation and amortization	38,866	32,735	32,447
Operating loss	(12,975)	(5,229)	(14,318)
Nonoperating revenues, net	9,803	13,656	15,240
Income before capital contributions and transfers	(3,173)	8,427	922
Capital contributions	9,187	2,750	12,291
Change in net position	<u>\$ 6,014</u>	<u>\$ 11,177</u>	<u>\$ 13,213</u>

Operating income before depreciation and amortization decreased \$1,616,147 (6%) over the prior fiscal year, due primarily to an increase in the airfield and ground transportation expenses in 2013. Depreciation and amortization expense increased \$6,131,113 (19%). Capital contributions increased by \$6,436,501 (234%) due primarily to an increase in the capital contributions received from the federal government.

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Debt Service Coverage

Airport revenue bond covenants require that net revenues together with the sum on deposit in the rollover coverage account on the last day of the immediately preceding fiscal year will at least equal 125% of the bond debt service requirement with respect to the bonds for such fiscal year. The bond resolution for the Revenue Refunding Bonds Series 2007A, 2007B-1, and 2007B-2, PFC Projects had a remaining ratio requirement of 105% or greater obtained by dividing the available amount by the cumulative debt amount. Coverage ratios for the past three years are shown in the following table.

On November 6, 2009, the Board approved the Rollover Coverage for fiscal years 2010-2013 in the amounts of \$3,719,527, \$3,720,107, \$3,719,960, and \$3,720,332 respectively. The funds are transferred monthly, in ratable portions of the total, to the NOAB Rollover Coverage Account held by the City of New Orleans, and then transferred to the Airport Operating Account, held by the City of New Orleans. The Airport's calculation of the historical debt service coverage ratio, as presented in Supplemental Schedule 3 to the financial statements is 203% for the year ended December 31, 2013 and 214% for the year ended December 31, 2012.

The Airport is current on all debt service payments as required by the bonds, and there has been no documented correspondence from the bond insurers or bond holders regarding noncompliance with the debt service coverage covenant.

	<u>2013</u>	<u>2012</u>	<u>2011</u>
Refunding Bonds and Revenue Bonds	203%	214%	156%
Revenue Refunding Bonds	191%	182%	175%

Airport Activities and Highlights

Passenger totals for 2013 increased by 606,647 (7.1%) over 2012 due to an increase in passenger activity. Aircraft operations increased from 90,672 operations in 2012 to 100,956 in 2013 (11%). Aircraft landed weights increased from 5,479,289 in 2012 to 6,032,372 in 2013 (10%). As of December 2013, the Airport had 136 daily departures to 42 cities with 16,670 average daily seats. As of December 2012, the Airport had 121 daily departures to 37 cities with 15,041 average daily seats.

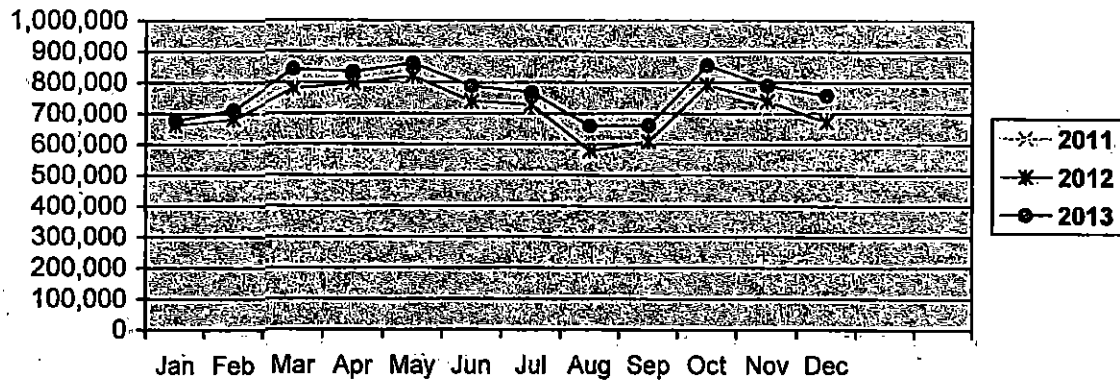
LOUIS ARMSTRONG NEW ORLEANS INTERNATIONAL AIRPORT
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Management's Discussion and Analysis

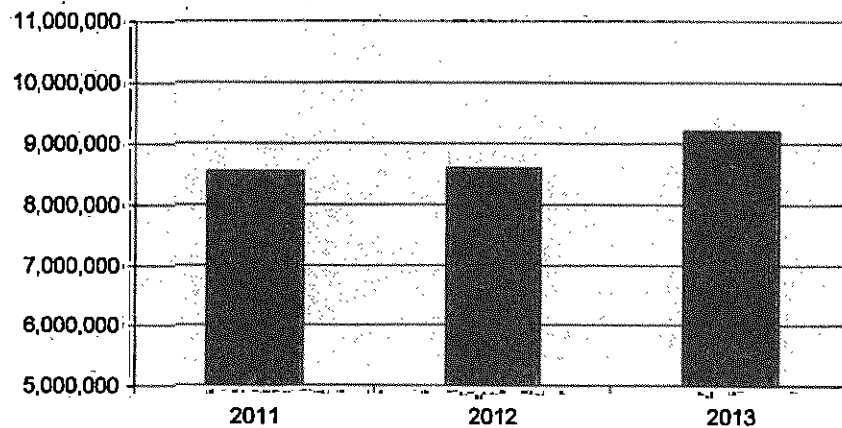
December 31, 2013 and 2012

(Unaudited)

Total Passengers by Month



Total Passengers for the Year



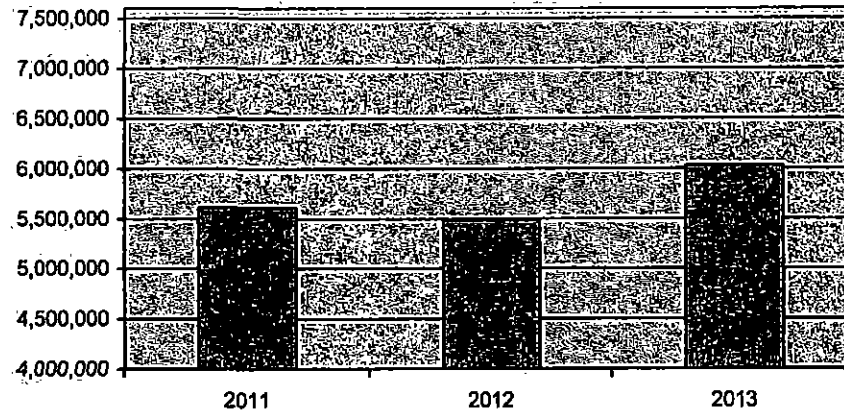
LOUIS ARMSTRONG NEW ORLEANS INTERNATIONAL AIRPORT
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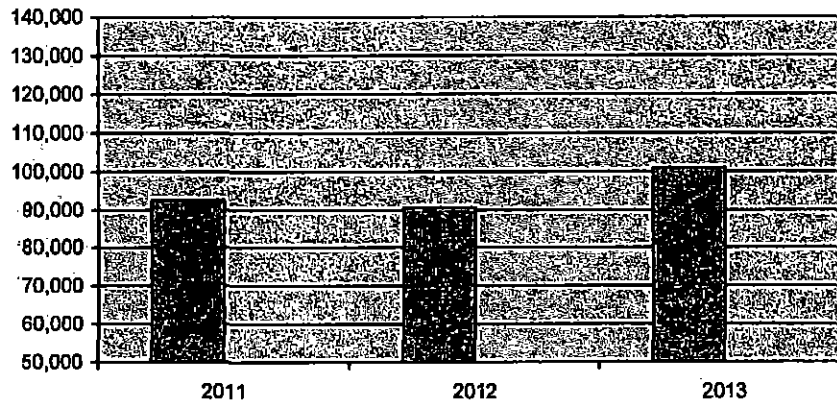
December 31, 2013 and 2012

(Unaudited)

Landed Weight per 1,000 pounds



Number of Passenger Flight Operations



LOUIS ARMSTRONG NEW ORLEANS INTERNATIONAL AIRPORT
(A Proprietary Component Unit of the City of New Orleans)

Management's Discussion and Analysis

December 31, 2013 and 2012

(Unaudited)

Selected statistical information about total passengers, aircraft landed weight, and air carrier operations for the past three years are presented in the table below.

Fiscal year	Total passengers	Landed weight (1,000 pound units)	Air carrier operations
2011	8,548,375	5,613,633	92,746
2012	8,600,989	5,479,289	90,672
2013	9,207,636	6,032,372	100,956

Requests for Information

This financial report is designed to provide a general overview of the Airport's finances. Questions concerning any of the information should be addressed to the Chief Financial Officer, Louis Armstrong New Orleans International Airport, Post Office Box 20007, New Orleans, Louisiana 70141.

LOUIS ARMSTRONG NEW ORLEANS INTERNATIONAL AIRPORT
(A Proprietary Component Unit of the City of New Orleans)

Statements of Net Position
December 31, 2013 and 2012

	2013	2012
Assets and Deferred Outflows of Resources		
Current assets:		
Unrestricted assets:		
Cash (note 2)	\$ 7,208,008	\$ 2,640,786
Accounts receivable, less allowance for doubtful accounts of \$464,154 in 2013; \$966,249 in 2012	4,748,088	5,214,424
Investments (note 2)	68,471,582	80,165,600
Prepaid expenses and deposits	1,129,831	1,114,717
Total unrestricted assets	81,557,509	89,135,527
Restricted assets (notes 2, 3, and 5):		
Cash	787,448	622,466
Investments	24,885,783	34,000,154
Passenger facility charges receivable	1,587,592	1,696,036
Customer facility charges receivable	1,507,518	818,338
Capital grant receivable	521,365	1,966,988
Total restricted assets	29,289,706	39,103,982
Total current assets	110,847,215	128,239,509
Noncurrent assets:		
Long-term investments (note 2):		
Investments, restricted	115,501,375	103,027,805
Capital assets (note 4):		
Capital assets not being depreciated	132,966,420	241,066,871
Capital assets being depreciated	943,593,605	811,759,585
Less accumulated depreciation	(554,302,065)	(515,754,290)
Total capital assets, net	522,257,960	537,072,166
Prepaid insurance on revenue bonds, less accumulated amortization of \$1,360,248 in 2013; \$1,097,966 in 2012	3,471,254	3,733,535
Advances to related facility management company	871,724	871,724
Total noncurrent assets	642,102,313	644,705,230
Total assets	752,949,528	772,944,739
Deferred outflows of resources		
Deferred losses on advance refunding	20,173,453	22,432,276
Total assets and deferred outflows of resources	\$ 773,122,981	\$ 795,377,015

LOUIS ARMSTRONG NEW ORLEANS INTERNATIONAL AIRPORT
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Statements of Net Position
December 31, 2013 and 2012

	2013	2012
Liabilities		
Current liabilities:		
Payable from unrestricted assets:		
Accounts payable	\$ 3,954,879	\$ 8,236,633
Due to City of New Orleans	5,307,975	1,209,290
Accrued salaries and other compensation	1,450,333	1,418,765
Capital projects payable	1,195,321	5,839,201
Total unrestricted current liabilities	<u>11,908,508</u>	<u>16,703,889</u>
Payable from restricted assets:		
Accounts payable	1,251,637	3,690,233
Capital projects payable	2,409,059	8,543,252
Bonds payable, current portion (note 5)	11,950,000	11,395,000
Accrued bond interest payable	9,332,003	9,606,258
Loans payable, current portion (note 5)	3,606,334	3,446,421
Loan interest payable	740,673	2,422,818
Total restricted current liabilities	<u>29,289,706</u>	<u>39,103,982</u>
Total current liabilities	<u>41,198,214</u>	<u>55,807,871</u>
Noncurrent liabilities:		
Bonds payable, less current portion and unamortized discount (note 5)	323,005,067	334,819,180
Loans payable (note 5)	30,081,517	31,925,569
Total noncurrent liabilities	<u>353,086,584</u>	<u>366,744,749</u>
Total liabilities	<u>394,284,798</u>	<u>422,552,620</u>
Net Position		
Net investment in capital assets	231,486,570	240,276,708
Restricted for:		
Debt service	44,783,990	45,468,973
Capital acquisition	50,009,417	33,774,195
Operating reserve	12,094,389	12,095,545
Unrestricted	40,463,817	41,208,974
Total net position	<u>378,838,183</u>	<u>372,824,395</u>
Total liabilities and net position	<u>\$ 773,122,981</u>	<u>\$ 795,377,015</u>

See accompanying notes to financial statements.

LOUIS ARMSTRONG NEW ORLEANS INTERNATIONAL AIRPORT
(A Proprietary Component Unit of the City of New Orleans)

Statements of Revenues, Expenses, and Changes in Net Position

Years ended December 31, 2013 and 2012

	2013	2012
Operating revenues (note 8):		
Airfield	\$ 13,203,416	\$ 15,608,960
Terminal	57,935,076	56,887,020
Ground transportation	2,346,508	2,160,224
Total operating revenues	<u>73,485,000</u>	<u>74,656,204</u>
Operating expenses:		
Direct:		
Airfield	2,109,909	2,554,591
Terminal	16,116,061	16,028,530
Ground Transportation	4,789,104	3,290,932
Depreciation and impairment write-down	38,866,112	32,734,999
Administrative	24,496,735	24,571,891
Cancelled/unreimbursed projects	82,857	703,779
Total operating expenses	<u>86,460,778</u>	<u>79,884,722</u>
Operating loss	<u>(12,975,778)</u>	<u>(5,228,518)</u>
Nonoperating revenues (expenses):		
Investment income	379,605	209,434
Interest expense	(21,359,041)	(16,171,339)
Passenger facility charges	18,447,258	17,271,733
Customer facility charges	11,705,153	11,437,828
Other, net	630,134	908,433
Total nonoperating revenues, net	<u>9,803,109</u>	<u>13,656,089</u>
Income (loss) before capital contributions	<u>(3,172,669)</u>	<u>8,427,571</u>
Capital contributions (note 6)	<u>9,186,457</u>	<u>2,749,956</u>
Change in net position	<u>6,013,788</u>	<u>11,177,527</u>
Total net position beginning of year, as restated (note 1)	<u>372,824,395</u>	<u>361,646,868</u>
Total net position, end of year	<u>\$ 378,838,183</u>	<u>\$ 372,824,395</u>

See accompanying notes to financial statements.

LOUIS ARMSTRONG NEW ORLEANS INTERNATIONAL AIRPORT
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Statements of Cash Flows

Years ended December 31, 2013 and 2012

	<u>2013</u>	<u>2012</u>
Cash flows from operating activities:		
Cash received from customers	\$ 74,823,061	\$ 74,336,932
Cash paid to suppliers for goods and services	(40,172,742)	(41,364,289)
Cash paid to employees and on behalf of employees for services	(11,357,841)	(11,500,854)
Other receipts	293,883	484,266
Net cash provided by operating activities	<u>23,586,361</u>	<u>21,956,055</u>
Cash flow from noncapital financing activities:		
Sales tax receipts	888,191	698,181
Net cash provided by noncapital financing activities	<u>888,191</u>	<u>698,181</u>
Cash flows from capital and related financing activities:		
Passenger facility charges collected	18,555,702	17,624,580
Customer facility charges collected	11,015,973	11,422,055
Proceeds from disposition of property	2,859	2,479
Acquisition and construction of capital assets	(33,610,144)	(76,224,950)
Capital grants received	10,632,080	2,680,165
Principal paid on revenue bond maturities	(12,524,139)	(10,895,000)
Interest paid on bonds and loans	(22,566,381)	(19,627,972)
Net cash used in capital and related financing activities	<u>(28,494,050)</u>	<u>(75,018,643)</u>
Cash flows from investing activities:		
Sales of investments	181,678,061	198,556,108
Purchases of investments	(173,013,897)	(145,286,127)
Interest and dividends on investments	87,538	158,207
Net cash provided by investing activities	<u>8,751,702</u>	<u>53,428,188</u>
Net increase in cash and cash equivalents	4,732,204	1,063,781
Cash and cash equivalents at beginning of year	3,263,252	2,199,471
Cash and cash equivalents at end of year (note 2)	<u>\$ 7,995,456</u>	<u>\$ 3,263,252</u>
Noncash investing activities:		
Increase in stock investments due to change in fair value	<u>\$ 332,264</u>	<u>\$ 80,510</u>

LOUIS ARMSTRONG NEW ORLEANS INTERNATIONAL AIRPORT
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Statements of Cash Flows

Years ended December 31, 2013 and 2012

	<u>2013</u>	<u>2012</u>
Reconciliation of operating loss to net cash provided by operating activities:		
Operating loss	\$ (12,975,778)	\$ (5,228,518)
Adjustments to reconcile operating loss to net cash provided by operating activities:		
Depreciation and impairment write-down	38,866,112	32,734,999
Increase in allowance for doubtful accounts	(502,095)	(1,084,638)
Other	296,971	484,265
Changes in assets and liabilities:		
Accounts receivable	968,431	765,367
Prepaid expenses and deposits	(477,183)	179,711
Accounts payable	(6,720,350)	(6,418,110)
Accrued salaries and other compensation	(386,602)	20,938
Due to City of New Orleans	4,516,855	502,041
Total adjustments	<u>36,562,139</u>	<u>27,184,573</u>
Net cash provided by operating activities	\$ <u>23,586,361</u>	\$ <u>21,956,055</u>

See accompanying notes to financial statements.

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Notes to Financial Statements

December 31, 2013 and 2012

(1) Summary of Significant Accounting Policies

(a) Organization

The Louis Armstrong New Orleans International Airport (the Airport) is a proprietary component unit of the City of New Orleans, Louisiana. The New Orleans Aviation Board (the Board) was established in 1943 to provide for the operation and maintenance of the Airport. The Board consists of nine members appointed by the Mayor of the City of New Orleans with approval of the New Orleans City Council. The City of Kenner, Louisiana and the Parish of St. Charles, Louisiana each have input as to the selection of one board member.

The accompanying policies of the Airport conform to accounting principles generally accepted in the United States of America as applicable to proprietary component units of governmental entities.

(b) Basis of Presentation

Proprietary fund accounting is used for the Airport's ongoing operations and activities which are similar to those often found in the private sector. Proprietary funds are accounted for using the economic resources measurement focus. The Airport is a proprietary component unit and accounts for operations (a) that are financed and operated in a manner similar to private business enterprises where the intent of the governing body is that the cost (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges and (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

The principal operating revenues of the Airport are from sources such as airlines, concessions, rental cars, and parking. Investment income, passenger facility charges, customer facility charges, federal and state grants, and other revenues not related to the operations of the Airport are nonoperating revenues. Operating expenses include the cost of airport and related facilities maintenance, administrative expenses, and depreciation on capital assets. Interest expense and financing costs are nonoperating expenses.

(c) Basis of Accounting

The accompanying financial statements have been prepared on the accrual basis of accounting under which revenues are recognized when earned and expenses are recognized when incurred. Revenues from landing and airfield fees, terminal building, rental building, and leased areas are reported as operating revenues. Transactions, which are capital, financing, or investing related, are reported as nonoperating revenues. Expenses from employee wages and benefits, purchase of services, materials and supplies, and other miscellaneous expenses are reported as operating expenses. Interest expense and financing costs are reported as nonoperating expenses. The Airport has implemented Governmental Accounting Standards Board (GASB) Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*, which codifies most pre-November 30, 1989 FASB and AICPA pronouncements that are relevant to governments and do not conflict with or contradict GASB pronouncements.

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This eliminates the option for business-type activities to follow new FASB pronouncements, although they may continue to be applied as "other accounting literature."

(d) Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, as well as the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

(e) Allowance for Uncollectible Accounts Receivable

An allowance for estimated uncollectible accounts receivable is established at the time information becomes available, which would indicate the uncollectibility of the particular receivable.

(f) Investments

Investments are carried at fair value in the financial statements. Unrealized gains and losses on investments are reflected in the Statements of Revenues, Expenses, and Changes in Net Position.

(g) Capital Assets

Capital assets are carried at cost. An item is classified as an asset if the initial, individual cost is \$1,000 or greater. Additions, improvements, and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred. In situations involving the construction of certain assets financed with the proceeds of tax-exempt borrowings, interest earned on related interest-bearing investments from such proceeds are offset against the related interest costs in determining the amount of interest to be capitalized. There was capitalized interest in the amount of \$1,219,836 in 2013 and \$7,158,293 in 2012.

The Airport adopted the Governmental Accounting Standards Board's (GASB) Statement No. 51 – Accounting and Financial Reporting for Intangible Assets (GASB 51). GASB 51 provides that if there are no factors that limit the useful life of an intangible asset, the intangible asset is considered to have an indefinite useful life. Intangible assets with indefinite life is subsequently determined that certain air rights previously recorded as amortizable capital assets, now qualify as intangible assets as defined in GASB 51.

Depreciation is provided over the estimated useful lives of the assets using the straight-line method commencing with the date of acquisition or, in the case of assets constructed, the date placed into service.

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Notes to Financial Statements

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The estimated useful lives by major classification are as follows:

	<u>Estimated useful lives (years)</u>
Land improvements	10 – 25
Buildings and furnishings	3 – 25
Equipment	3 – 15
Utilities	5 – 25
Heliport	5 – 15

(h) Due from/Due to the City of New Orleans

Amounts recorded as due from and due to the City of New Orleans primarily relate to amounts paid by the City on behalf of the Airport. In addition, the City provides certain administrative services to the Airport. The cost of such services was \$1,753,517 for each of the years ended December 31, 2013 and 2012, respectively, and is recorded in administrative expenses in the Statements of Revenues, Expenses, and Changes in Net Position.

(i) Restricted Assets

Restricted assets include investments required to be maintained for debt service, capital additions and contingencies, operations and maintenance, and escrow under the indentures of the revenue and refunding bonds, as well as investments to be used for the construction of capital improvements. Restricted assets also include receivables related to passenger and customer facility charges and grants.

(j) Bond Insurance

In conjunction with bonds issued in 2009 and 2007, insurance was purchased which guarantees the payment of bond principal and interest and expires with the final principal and interest payment on the bonds. The insurance costs were capitalized at the dates of issuance and are being amortized over the life of the bonds.

(k) Revenue Recognition

Landing and airfield fees, terminal building, rental building, and leased areas rentals are recorded as revenues during the year in which earned.

All prospective signatory airlines pay signatory airline rates and charges according to 2009 use and lease agreement. The rates for 2013 and 2012 are as follows:

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	2013	2012
Terminal building rental rates (per sq. ft.)	\$ 97.44	\$ 99.02
Landing fee rate (per 1,000 lbs)	1.64	1.85
Apron use fee rate (per sq. ft.)	1.90	1.81
Loading bridge use fee (per bridge)	11,168	14,481
Enplaned passenger use fee (per passenger)	7.32	7.56

Under the terms of the agreement, these rates are subject to a mid-year adjustment and year-end settlement. The Airport is required to use its best efforts such that within the later of (i) one hundred twenty (120) days following the close of each fiscal year or (ii) within sixty (60) days of receipt of audited financial statements, rates for rentals, fees, and charges for the preceding fiscal year shall be recalculated using available financial data and the methods. For the fiscal years ended December 31, 2013 and 2012, the Airport's final rate structure varied from the rates in effect during the year.

(l) Passenger Facility Charges

On June 1, 1993, the Airport began imposing, upon approval of the Federal Aviation Administration (the FAA), a \$3.00 Passenger Facility Charge (PFC) on each passenger enplaned at the Airport. On April 1, 2002, the FAA approved an increase in the amount of this fee to \$4.50. As of December 31, 2013, the Airport is authorized to collect up to \$564,820,750 of PFC revenue of which \$314,689,757 has been collected. PFC revenues are pledged to secure the Series 2007 Revenue bonds and the Series 2009 Revenue bonds, which funded construction of preapproved capital projects and redeemed prior Series of PFC Bonds. As of December 31, 2013, the estimated expiration date on PFC revenue collection is February 1, 2026.

(m) Customer Facility Charges

On November 1, 2008, the Airport began imposing a \$5.50 Customer Facility Charge (CFC) on a per transaction day basis to all the On-Airport Rental Car Companies. On May 13, 2009, the Board approved an increase in the CFC charge to \$6.20 which became effective June 1, 2009. CFC revenues are pledged to secure the Series 2009 Gulf Opportunity Zone CFC Revenue Bonds, which were issued to fund the construction of the Consolidated Rental Car Facility (CONRAC) garage.

(n) Federal Financial Assistance

The Airport receives financial assistance for costs of construction and improvements to airport facilities through grants from the FAA. The Airport is on the reimbursement basis for funds received for financial assistance. As of December 31, 2013, the Airport had received \$3,159,642 from FEMA as reimbursement for repairs and expenses incurred by the Airport as a result of Hurricanes Katrina and Gustav.

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(o) Vacation and Sick Leave

All full-time classified employees of the Airport hired prior to January 1, 1979 are permitted to accrue a maximum of 90 days of vacation (annual leave) and an unlimited number of days of sick leave (accumulated at a maximum of 24 days per year). Employees hired after December 31, 1978 can accrue a maximum of 45 days annual leave and an unlimited number of days of sick leave (accumulated at a maximum of 24 days per year). Upon termination of employment, an employee is paid for their accrued annual leave based on their current hourly rate of pay and for their accrued sick leave on a formula basis. If termination is the result of retirement, the employee has the option of converting their accrued annual and sick leave to additional pension credits. Annual leave and sick leave liabilities are accrued when incurred.

(p) Statements of Cash Flows

For purposes of the statements of cash flows, cash and cash equivalents include unrestricted cash and restricted cash.

(q) Net Position

The Airport has implemented GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*, effective fiscal year 2012. This standard provides guidance for reporting the financial statement elements of deferred outflows of resources and deferred inflows of resources. Deferred outflows represent the consumption of the government's net position that is applicable to a future reporting period. A deferred inflow represents the acquisition of net position that is applicable to a future reporting period.

Because deferred outflows and deferred inflows are, by definition, neither assets nor liabilities, the statement of net assets title is now referred to as the statement of net position. The statement of net position reports net position as the difference between all other elements in a statement of net position and should be displayed in three components—net investment in capital assets, restricted net position (distinguishing between major categories of restrictions), and unrestricted net position.

Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balance of borrowings for capital asset acquisition, construction, or improvement of those assets, increased by deferred outflows of resources attributable to capital asset acquisition, construction or improvement, and deferred inflows of resources attributable to either capital asset acquisition, construction, or improvement or to capital asset related debt. Capital-related debt or deferred inflows equal to unspent capital asset related debt proceeds or deferred inflows of resources is included in calculating either restricted or unrestricted net position, depending upon whether the unspent amounts are restricted.

Restricted net position reflects net position when there are limitations imposed on a net position's use by external parties such as creditors, grantors, laws, or regulations of other governments. Restricted net position consists of restricted assets less liabilities related to restricted assets less deferred inflows related to restricted assets. Liabilities and deferred inflows related to restricted assets include liabilities and deferred inflows to be liquidated with restricted assets and arising from the same resource flow that results in restricted assets.

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Notes to Financial Statements

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Unrestricted net position is the balance (deficit) of all other elements in a statement of net position remaining after net investment in capital assets and restricted net position.

The Airport has implemented GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*, in 2013. This standard provides guidance for reporting the financial statement elements of deferred outflows of resources and deferred inflows of resources, required by GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*. GASB Statement No. 65 also identifies certain items previously reported as assets and liabilities that the GASB determined should be recognized as revenues, expenses, or expenditures when incurred and not reported in statements of net position/balance sheets.

The Airport implemented this statement effective January 1, 2012. The impact is as follows:

Previously reported net position as of January 1, 2012	\$ 368,728,650
Adjustment as a result of the implementation of GASB Statement No. 65	<u>(7,081,782)</u>
Net position as of January 1, 2012, as restated	\$ <u>361,646,868</u>
Previously reported change in net position for the year ended December 31, 2012	\$ 10,749,949
Adjustment as a result of the implementation of GASB Statement No. 65	<u>427,578</u>
Change in net position for the year ended December 31, 2012, as restated	\$ <u>11,177,527</u>

The GASB issued Statement No. 66, *Technical Corrections - 2012* in March 2012. The objective of this Statement is to improve accounting and financial reporting for a governmental financial reporting entity by resolving conflicting guidance that resulted from the issuance of two pronouncements, Statements No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, and No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*. The provisions of this Statement are effective for 2013. There was no impact to the Airport with the implementation of this statement.

The Airport has losses on advance refunding of debt which qualify as deferred outflows as of December 31, 2013 and 2012. The Airport has no items which qualify as deferred inflows. In accordance with the guidance, the Airport has retrospectively applied the standard and restated net position as of the beginning of fiscal year 2012. The net effect of the adjustment was a decrease to net position of \$7,081,782.

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Notes to Financial Statements

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(r) Reclassifications

Certain prior year amounts have been reclassified to conform to the current year's presentation.

(s) Deferred Outflows of Resources

Deferred outflows of resources represents a consumption of net position that applies to future periods and so will not be recognized as an outflow of resources (expense) until then. The deferred charge on refunding reported on the statements of net position results from the difference in carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.

(2) Cash and Investments

Included in the Airport's cash balances are amounts deposited with commercial banks in interest bearing and noninterest bearing demand accounts. The commercial bank balances are entirely insured by federal depository insurance or by collateral held by the financial institution in the Airport's name.

The Airport follows GASB Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*, which requires the adjustments of the carrying values of investments to fair value, which is based on available market values. The local government investment pool is a "2a-7-like" pool in accordance with GASB Statement No. 31; therefore, it is not presented at fair value but at its actual pooled share price, which approximates fair value. At December 31, 2013 and 2012, the fair value of all securities regardless of balance sheet classifications as cash and cash equivalents or investments was as follows:

	<u>2013</u>	<u>2012</u>
Current assets:		
Cash and cash equivalents	\$ 7,995,456	\$ 3,263,252
Investments (unrestricted and restricted)	93,357,365	114,165,754
Noncurrent assets:		
Investments	<u>115,501,375</u>	<u>103,027,805</u>
Total cash and investments	216,854,196	220,456,811
Less cash on deposit	<u>(7,995,546)</u>	<u>(3,263,252)</u>
Total securities, at fair value	<u>\$ 208,858,740</u>	<u>\$ 217,193,559</u>

The Airport is authorized to invest in securities as described in its investment policy, in each bond resolution and state statute. As of December 31, 2013, and 2012, the Airport held the following investments as categorized below in accordance with GASB Statement No. 40, *Deposit and Investment Risk Disclosures*:

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Investment Maturities at December 31, 2013

Investment type	Less than 1 year	1 to 5 Years	Total
Common Stock: Airline bankruptcies	\$ 585,084	\$ -	\$ 585,084
Local government investment pool	67,265,625	-	67,265,625
Money market funds	141,008,031	-	141,008,031
	<u>\$ 208,858,740</u>	<u>\$ -</u>	<u>\$ 208,858,740</u>

Investment Maturities at December 31, 2012

Investment type	Less than 1 year	1 to 5 Years	Total
Common Stock: Airline bankruptcies	\$ 252,819	\$ -	\$ 252,819
Local government investment pool	78,930,941	-	78,930,941
Money market funds	138,009,799	-	138,009,799
	<u>\$ 217,193,559</u>	<u>\$ -</u>	<u>\$ 217,193,559</u>

Interest Rate Risk: As a means of limiting its exposure to fair value losses arising from rising interest rates, investments are generally held to maturity. The Airport's investment policy requires the investment portfolio to be structured to provide sufficient liquidity to pay obligations as they come due.

To the extent possible, investment maturities are matched with known cash needs and anticipated cash flow requirements. Additionally, maturity limitations for investments related to the issuance of debt are outlined in the Bond Resolution relating to the specific bond issue.

Credit Risk: The Airport's general investment policy applies the prudent-person rule:

Investments are made as a prudent person would be expected to act, with discretion and intelligence, to seek reasonable income, preserve capital and, in general, avoid speculative investments. Airport policy limits investments to the highest credit rating category of Standard & Poor's (S&P). Funds can only be invested in money market funds rated AAAm, AAm, or AAAM-G by S&P.

In accordance with the Airport's investment policy and bond resolutions, all U.S. government agency securities held in the portfolio are either issued by or explicitly guaranteed by the U.S. government.

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Custodial Credit Risk: For an investment, custodial risk is the risk that, in the event of the failure of the counterparty, the Airport will not be able to recover the values of its investments or collateral securities that are in the possession of an outside party. All of the Airport's investments are either held in the name of the Airport or held in trust under the Airport's name.

Concentration of Credit Risk: The Airport's investments are not subject to a concentration of credit risk.

In 2007, the Airport acquired common stock as a result of bankruptcy proceedings of three airlines. The common stock with a market value of \$585,084 at December 31, 2013 was subject to market risk as a result of the volatility of the stock market.

LAMP: LAMP is administered by LAMP, Inc., a non-profit corporation organized under the laws of the State of Louisiana. Only local government entities having contracted to participate in LAMP have an investment interest in its pool of assets. The primary objective of LAMP is to provide a safe environment for the placement of public funds in short-term, high quality investments. The LAMP portfolio includes only securities and other obligations in which local governments in Louisiana are authorized to invest in accordance with Louisiana R.S. 33:2955. Accordingly, LAMP investments are restricted to securities issued, guaranteed, or backed by the U.S. Treasury, the U.S. Government, or one of its agencies, enterprises, or instrumentalities, as well as repurchase agreements collateralized by those securities. The dollar weighted average portfolio maturity of LAMP assets is restricted to not more than 90 days, and consists of no securities with a maturity in excess of 397 days. LAMP is designed to be highly liquid to provide immediate access to participants. The fair market value of investments is determined on a weekly basis to monitor any variances between amortized cost and market value. For purposes of determining participants' shares, investments are valued at amortized cost.

(3) Summary of Restricted Assets

Assets restricted for specific purposes in accordance with bond indentures and other legal restrictions are composed of the following at December 31, 2013 and 2012:

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2013													
	Debt service fund	Debt service reserve fund	Coverage account	Ineligible sub-account	Operations and maintenance reserve fund	Capital Improvement fund	Receipts fund	Rollover fund	PFC collect	Bond costs	Parking Facility Reserve	Receivables	Total
Assets:													
Cash and certificates of deposits	\$ —	—	—	—	—	—	37,795	3,721,198	747,097	—	—	2,557	\$ 4,308,647
Dreyfus Treasury Prime Cash Management	9,390,309	18,399,391	1,923,545	2,988,397	—	67,378,960	358,594	—	—	429,939	—	—	100,869,135
JPM U.S. Treasury and U.S. money market fund	11,890,699	14,435,595	—	—	8,373,191	—	—	—	—	—	1,097,339	—	35,796,824
Passenger facility charges receivable	—	—	—	—	—	—	—	—	—	—	—	1,587,592	1,587,592
Capital grant receivable	—	—	—	—	—	—	—	—	—	—	—	521,365	521,365
Customer facility charges receivable	—	—	—	—	—	—	—	—	—	—	—	1,507,518	1,507,518
	<u>\$ 21,281,008</u>	<u>32,834,986</u>	<u>1,923,545</u>	<u>2,988,397</u>	<u>8,373,191</u>	<u>67,378,960</u>	<u>396,389</u>	<u>3,721,198</u>	<u>747,097</u>	<u>429,939</u>	<u>1,097,339</u>	<u>3,619,032</u>	<u>\$ 144,791,081</u>
2012													
	Debt service fund	Debt service reserve fund	Coverage account	Ineligible sub-account	Operations and maintenance reserve fund	Capital Improvement fund	Receipts fund	Rollover fund	PFC collect	Bond costs	Parking Facility Reserve	Receivables	Total
Assets:													
Cash and certificates of deposits	\$ —	—	—	—	—	—	524	3,722,379	621,941	—	—	—	\$ 4,344,844
Dreyfus Treasury Prime Cash Management	9,312,808	18,399,390	1,923,544	3,038,226	—	63,245,014	463,770	—	—	89,299	—	—	96,472,051
JPM U.S. Treasury and U.S. money market fund	12,927,531	14,435,500	—	—	8,373,167	—	—	—	—	—	1,097,332	—	36,833,530
Passenger facility charges receivable	—	—	—	—	—	—	—	—	—	—	—	1,696,036	1,696,036
Capital grant receivable	—	—	—	—	—	—	—	—	—	—	—	1,966,988	1,966,988
Customer facility charges receivable	—	—	—	—	—	—	—	—	—	—	—	818,338	818,338
	<u>\$ 22,240,339</u>	<u>32,834,890</u>	<u>1,923,544</u>	<u>3,038,226</u>	<u>8,373,167</u>	<u>63,245,014</u>	<u>464,294</u>	<u>3,722,379</u>	<u>621,941</u>	<u>89,299</u>	<u>1,097,332</u>	<u>4,481,362</u>	<u>\$ 142,131,787</u>

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(4) Capital Assets

Capital assets include assets acquired with the Airport's own funds as well as those acquired through resources externally restricted for capital acquisition. A summary of changes in capital assets for the years ended December 31, 2013 and 2012 is as follows:

	Balance December 31, 2012	Additions/ transfers during year	Deletions/ transfers during year	Balance December 31, 2013
Capital assets not being depreciated:				
Land	\$ 85,309,433	\$ -	\$ -	\$ 85,309,433
Air rights	22,282,449	-	-	22,282,449
Construction in progress	133,474,989	28,034,126	(136,134,577)	25,374,538
Total capital assets not being depreciated	<u>241,066,871</u>	<u>28,034,126</u>	<u>(136,134,577)</u>	<u>132,966,420</u>
Capital assets being depreciated:				
Land improvements	386,947,177	110,943,381	-	497,890,558
Buildings and furnishings	399,470,461	20,498,124	(352,549)	419,616,036
Equipment	7,290,130	924,616	-	8,214,746
Computers	723,046	-	-	723,046
Utilities	14,254,592	(179,552)	-	14,075,040
Heliport	3,074,179	-	-	3,074,179
Total capital assets being depreciated	<u>811,759,585</u>	<u>132,186,569</u>	<u>(352,549)</u>	<u>943,593,605</u>
Total capital assets	<u>1,052,826,456</u>	<u>160,220,695</u>	<u>(136,487,126)</u>	<u>1,076,560,025</u>
Less accumulated depreciation:				
Land improvements	229,100,925	18,094,285	-	247,195,210
Buildings and furnishings	271,733,451	19,604,390	(318,337)	291,019,504
Equipment	5,954,763	312,085	-	6,266,848
Computers	398,124	165,356	-	563,480
Utilities	5,497,956	688,817	-	6,186,773
Heliport	3,069,071	1,179	-	3,070,250
Total accumulated depreciation	<u>515,754,290</u>	<u>38,866,112</u>	<u>(318,337)</u>	<u>554,302,065</u>
Total capital assets, net	<u>\$ 537,072,166</u>	<u>\$ 121,354,583</u>	<u>\$ (136,168,789)</u>	<u>\$ 522,257,960</u>

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	<u>Balance December 31, 2011</u>	<u>Additions/ transfers during year</u>	<u>Deletions/ transfers during year</u>	<u>Balance December 31, 2012</u>
Capital assets not being depreciated:				
Land	\$ 85,309,433	\$ -	\$ -	\$ 85,309,433
Air rights	22,282,449	-	-	22,282,449
Construction in progress	129,621,334	85,357,111	(81,503,456)	133,474,989
Total capital assets not being depreciated	<u>237,213,216</u>	<u>85,357,111</u>	<u>(81,503,456)</u>	<u>241,066,871</u>
Capital assets being depreciated:				
Land improvements	341,919,646	45,027,531	-	386,947,177
Buildings and furnishings	373,917,833	25,552,628	-	399,470,461
Equipment	6,496,427	793,703	-	7,290,130
Computers	713,262	9,784	-	723,046
Utilities	7,786,124	6,468,468	-	14,254,592
Heliport	3,074,179	-	-	3,074,179
Total capital assets being depreciated	<u>733,907,471</u>	<u>77,852,114</u>	<u>-</u>	<u>811,759,585</u>
Total capital assets	<u>971,120,687</u>	<u>163,209,225</u>	<u>(81,503,456)</u>	<u>1,052,826,456</u>
Less accumulated depreciation:				
Land improvements	215,064,231	14,036,694	-	229,100,925
Buildings and furnishings	253,768,218	17,965,233	-	271,733,451
Equipment	5,681,698	273,065	-	5,954,763
Computers	233,882	164,242	-	398,124
Utilities	5,203,370	294,586	-	5,497,956
Heliport	3,067,892	1,179	-	3,069,071
Total accumulated depreciation	<u>483,019,291</u>	<u>32,734,999</u>	<u>-</u>	<u>515,754,290</u>
Total capital assets, net	<u>\$ 488,101,396</u>	<u>\$ 130,474,226</u>	<u>\$ (81,503,456)</u>	<u>\$ 537,072,166</u>

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Construction in progress is composed of the following at December 31, 2013:

Description	Project authorization	December 31, 2013	Remaining commitments
Airfield Electrical Repairs	\$ 12,720,568	\$ 566,727	\$ 12,153,841
Utility Building	10,405,091	13,529,969	-
New Terminal Design	17,979,659	7,012,944	10,966,715
Expansion Taxiway Gulf Phase 1	2,248,560	1,756,886	491,674
Apron Rehab Phase III	2,679,981	541	2,679,440
Concrete Pavement Repairs	1,269,944	850,304	419,640
Land Development & Reuse Plan	1,004,102	103,020	901,082
Pavement Concrete Index Study	748,473	687,032	61,441
Environmental Assessment Study	1,342,420	723,513	618,907
New Facility Feasibility Report	1,085,076	125,984	959,092
Miscellaneous Projects under \$20,000	17,620	17,620	-
	<u>\$ 51,501,494</u>	<u>\$ 25,374,540</u>	<u>\$ 29,251,832</u>

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(5) Long-term Debt

Long-term debt activity for the years ended December 31, 2013 and 2012 was as follows:

Long-Term Debt	Balance December 31, 2012	Additions	Deductions	Balance December 31, 2013	Amounts due within one year
Bonds Payable:					
Series 2007A Revenue Bonds, fixed interest rate January 1, 2038 at 4.25% final maturity	\$ 61,740,000	\$ -	(1,165,000)	\$ 60,575,000	1,225,000
Series 2007B-1 Revenue Refunding Bonds, fixed interest rate January 1, 2020 at 4.25% final maturity	4,295,000	-	-	4,295,000	-
Series 2007B-2 Revenue Refunding Bonds, fixed interest rate January 1, 2019 at 4.25% final maturity	12,455,000	-	(1,735,000)	10,720,000	1,825,000
Series 2009A-1 Revenue Refunding bonds, fixed interest rate January 1, 2023 at 4.25% final maturity	73,960,000	-	-	73,960,000	-
Series 2009A-2 Revenue Refunding bonds, fixed interest rate January 1, 2023 at 4.25% final maturity	23,055,000	-	-	23,055,000	-
Series 2009B Revenue Refunding bonds, fixed interest rate January 1, 2015 at 4.50% final maturity	23,210,000	-	(8,495,000)	14,715,000	8,900,000
Series 2009A GO ZONE CFC Revenue bonds, fixed interest rate, January 1, 2040 at 4.625% final maturity	96,515,000	-	-	96,515,000	-

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Long-Term Debt	Balance December 31, 2012	Additions	Deductions	Balance December 31, 2013	Amounts due within one year
Bonds Payable:					
Series 2010A GO ZONE PFC					
Revenue Bonds, fixed interest rate, January 1, 2041					
at 4.25% final maturity	\$ 52,355,000	\$ -	\$ -	\$ 52,355,000	\$ -
Series 2010B GO ZONE PFC					
Revenue Bonds, fixed interest rate, January 1, 2038					
at 5.125% final maturity	1,285,000	-	-	1,285,000	-
	<u>348,870,000</u>	<u>-</u>	<u>(11,395,000)</u>	<u>337,475,000</u>	<u>11,950,000</u>
Less:					
Unamortized discount on bonds	(3,320,962)	-	162,494	(3,158,468)	-
Unamortized premium on Bonds	665,142	-	(26,607)	638,535	-
	<u>346,214,180</u>	<u>-</u>	<u>(11,259,113)</u>	<u>334,955,067</u>	<u>11,950,000</u>
Loans Payable:					
Go Zone	35,371,990	-	(1,684,139)	33,687,851	3,606,334
	<u>\$ 381,586,170</u>	<u>\$ -</u>	<u>\$ (12,943,252)</u>	<u>\$ 368,642,918</u>	<u>\$ 15,556,334</u>

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<u>Long-Term Debt</u>	<u>Balance December 31, 2011</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance December 31, 2012</u>	<u>Amounts due within one year</u>
Bonds Payable:					
Series 2007A Revenue Bonds, fixed interest rate January 1, 2038 at 4.25% final maturity	\$ 62,850,000	\$ -	\$ (1,110,000)	\$ 61,740,000	\$ 1,160,000
Series 2007B-1 Revenue Refunding Bonds, fixed interest rate January 1, 2020 at 4.25% final maturity	4,295,000	-	-	4,295,000	-
Series 2007B-2 Revenue Refunding Bonds, fixed interest rate January 1, 2019 at 4.25% final maturity	14,110,000	-	(1,655,000)	12,455,000	1,740,000
Series 2009A-1 Revenue Refunding bonds, fixed interest rate January 1, 2023 at 4.25% final maturity	73,960,000	-	-	73,960,000	-
Series 2009A-2 Revenue Refunding bonds, fixed interest rate January 1, 2023 at 4.25% final maturity	23,055,000	-	-	23,055,000	-
Series 2009B Revenue Refunding bonds, fixed interest rate January 1, 2015 at 4.50% final maturity	27,140,000	-	(3,930,000)	23,210,000	8,495,000
Series 2009C Revenue Refunding bonds, fixed interest rate January 1, 2012 at 3.50% final maturity	4,200,000	-	(4,200,000)	-	-
Series 2009A GO ZONE CFC Revenue bonds, fixed interest rate; January 1, 2040 at 4.625% final maturity	96,515,000	-	-	96,515,000	-

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<u>Long-Term Debt</u>	<u>Balance December 31, 2011</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance December 31, 2012</u>	<u>Amounts due within one year</u>
Bonds Payable:					
Series 2010A GO ZONE PFC					
Revenue Bonds, fixed interest					
rate, January 1, 2041					
at 5.25% final maturity	\$ 52,355,000	-	-	\$ 52,355,000	-
Series 2010B GO ZONE PFC					
Revenue Bonds, fixed interest					
rate, January 1, 2038					
at 5.125% final maturity	1,285,000	-	-	1,285,000	-
	359,765,000	-	(10,895,000)	348,870,000	11,395,000
Less:					
Unamortized discount on					
bonds	(3,483,456)	-	162,494	(3,320,962)	-
Unamortized premium on					
bonds	691,748	-	(26,606)	665,142	-
	356,973,292	-	(10,759,112)	346,214,180	11,395,000
Loans Payable:					
Go Zone	35,371,990	-	-	35,371,990	3,446,421
	<u>\$ 392,345,282</u>	<u>-</u>	<u>\$ (10,759,112)</u>	<u>\$ 381,586,170</u>	<u>\$ 14,841,421</u>

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Debt service requirements to maturity for all outstanding bonds are as follows:

	<u>Interest</u>	<u>Principal</u>	<u>Total</u>
Bonds Payable:			
December 31:			
2014	\$ 18,363,190	\$ 11,950,000	\$ 30,313,190
2015	17,722,633	14,210,000	31,932,633
2016	17,032,925	14,895,000	31,927,925
2017	16,319,706	15,590,000	31,909,706
2018	15,539,350	16,320,000	31,859,350
2019-2023	63,117,794	92,515,000	155,632,794
2024-2028	44,422,425	36,105,000	80,527,425
2029-2033	32,513,054	47,585,000	80,098,054
2034-2038	16,956,197	62,795,000	79,751,197
2039-2041	1,640,376	25,510,000	27,150,376
	<u>\$ 243,627,650</u>	<u>\$ 337,475,000</u>	<u>\$ 581,102,650</u>

Debt service requirements to maturity for all outstanding loans payable are as follows:

	<u>Interest</u>	<u>Principal</u>	<u>Total</u>
Loans Payable:			
December 31:			
2013 (not paid as of yearend)	\$ 1,563,116	\$ 1,762,282	\$ 3,325,398
2014	1,481,346	1,844,052	3,325,398
2015	1,395,782	1,929,616	3,325,398
2016	1,306,248	2,019,150	3,325,398
2017	1,212,560	2,112,838	3,325,398
2018	1,114,523	2,210,875	3,325,398
2019-2023	3,935,277	12,691,716	16,626,993
2024-2025	858,877	9,117,322	9,976,199
	<u>\$ 12,867,729</u>	<u>\$ 33,687,851</u>	<u>\$ 46,555,580</u>

The Board received approval for participation in the Gulf Tax Credit Bonds Program (Go Zone Tax Credit Bonds) sponsored by the State of Louisiana in an amount not exceeding \$36,000,000. The Airport was approved for \$35,371,990 for an interest free period of 60 months. On August 1, 2006, Hancock Bank as escrow trustee for the State of Louisiana with respect to its GO Zone Tax Credit Bonds Program transferred to the Trustee the amount of \$10,242,550 to be used to pay the August 2, 2006 debt service on the bonds and related interest rate swap payments. Hancock Bank transferred an additional \$25,129,440 in debt service between August 2006 and July 2008 which brought the loan to the approval amount of

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\$35,371,990 as of December 31, 2013. The Trustee continues to be responsible for making all debt service payments on the bonds.

As of the date of this audit, the required interest payments of \$781,558 due January 15, 2013 and July 15, 2013 have been remitted.

(6) Capital Contributions and Transfers

Capital contributions recorded by the Airport represent amounts received from the federal government to finance the cost of construction of airport facilities.

During the year ended December 31, 2013, the FAA contributed \$5,597,761, the DOTD contributed \$1,551,926 and the ATF contributed \$2,036,770. During the year ended December 31, 2012, the FAA contributed \$2,749,956.

(7) Pension Plan

Employees and officers of the Airport are eligible for membership in the Employees' Retirement System of the City of New Orleans (the Plan), a defined benefit contributory retirement plan. A separate financial report on the plan for the year ended December 31, 2012 containing additional information required under GASB Statement No. 27, *Accounting for Pensions by State and Local Governmental Employers*, is available from the City of New Orleans Director of Finance, 1300 Perdido Street, Room 1E12, New Orleans, Louisiana 70112, (504) 658-1850.

The Airport's annual contribution to the Employees' Retirement System is based on the amount determined by the actuary of the Plan, which includes amortization of past service costs over a period of 30 years. The Airport's contribution to the Plan for the years ended December 31, 2013 and 2012 was \$1,409,049 and \$1,587,580, respectively.

(8) Rentals under Operating Leases

The Airport leases space in its terminal to various airlines, concessionaires, and others. These leases are for varying periods ranging from one to ten years and require the payment of minimum annual rentals. On January 1, 2009, a new Airline Lease and Use Agreement went into effect with all Signatory airlines paying signatory airlines rates and charges in accordance with the new lease agreement.

The Airport parking garage facility (the "Facility") was constructed on land leased by a 501(c) 3 nonprofit corporation (the Corporation) from the Airport pursuant to a parking garage ground lease (the "ground lease") dated January 1, 2001. The commencement date as defined in the ground lease went into effect January 1, 2002, and the ground rental term began. In accordance with the ground lease, the Corporation was required to design, finance, construct, and operate the Facility. The Facility was financed by the Corporation with \$39.4 million of tax-exempt bonds which was refinanced in 2012. The bonds are not an obligation of the Airport. The initial term of the ground lease is ten years with three renewal periods of ten years at the option of the Corporation. During the term of the ground lease, the Corporation will pay the

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Airport \$10,624 a month plus percentage rent of 6% of gross revenues generated from the Facility in excess of \$7.0 million per year plus net cash flow rent, as defined in the ground lease.

The payment of rent is subject to a minimum annual guarantee payment, as defined in the ground lease. The fixed rent shall increase by 3% per annum, effective on the first day of each lease year during the term. The 2013 monthly ground rent was \$14,706, and 2012 monthly ground rent was \$14,278.

The following is a schedule by year of aggregate future minimum rentals receivable on noncancelable operating leases as of December 31, 2013:

2014	\$ 5,498,360
2015	5,103,452
2016	5,065,630
2017	5,015,651
2018	4,424,452
2019-2023	3,295,989
	<u>\$ 28,403,534</u>

These amounts do not include contingent rentals which may be received under most of the leases; such contingent rentals, including month-to-month concession agreements, amounted to \$6,574,357 in 2013 and \$5,042,568 in 2012.

(9) Commitments and Contingencies

(a) Self-Insurance

The Airport is insured for hospitalization and unemployment losses and claims under the City of New Orleans' self-insurance program. The Airport pays premiums to the City of New Orleans' unemployment self-insurance program, and the Airport and its employees pay premiums to the City of New Orleans' hospitalization self-insurance program.

(b) Commitments

In the normal course of business, the Airport enters into various commitments and contingent liabilities, such as construction contracts and service agreements, which are not reflected in the accompanying financial statements.

(c) Claims and Judgments

There are several pending lawsuits in which the Airport is involved. Based upon review and evaluation of such lawsuits and the advice of legal counsel, management does not believe that the ultimate outcome of such litigation will be material to the Airport's financial position.

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(d) *Federal Financial Assistance*

The Airport participates in a number of federal financial assistance programs. Although the grant programs have been audited through December 31, 2013 in accordance with the Single Audit Act of 1996, these programs are still subject to financial and compliance audits by governmental agencies.

(10) Subsequent Events

Management has evaluated subsequent events through the date that the financial statements were available to be issued, June 27, 2014, and determined that there were no subsequent events requiring disclosure.

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Schedule 1

Supplemental Schedule of Investments

Year ended December 31, 2013

<u>Description</u>	<u>Year Acquired</u>	<u>Maturity date</u>	<u>Book value</u>	<u>Fair value</u>
Unrestricted investments:				
Special Receipts:				
Dreyfus Treasury Prime Cash Management				
The Bank of New York Mellon	2008	N/A	\$ 838,425	\$ 838,425
JPM U.S. Treasury Plus Investments				
The Bank of New York Mellon	2009	N/A	1,355,376	1,355,376
			<u>2,193,801</u>	<u>2,193,801</u>
PFC Reimbursement:				
Dreyfus Treasury Prime Cash Management				
The Bank of New York Mellon	2008	N/A	2,147,840	2,147,840
Stock: Airline Bankruptcies	2007	N/A	585,084	585,084
City of New Orleans:				
LAMP - Sales Tax/General Purpose	2003	N/A	57,289,612	57,289,612
LAMP - Use & Lease General Purpose	2011	N/A	6,255,244	6,255,244
			<u>63,544,856</u>	<u>63,544,856</u>
Total unrestricted investments			<u>68,471,582</u>	<u>68,471,582</u>
Restricted investments:				
City of New Orleans:				
LAMP - Rollover Coverage	2009	N/A	3,721,198	3,721,198
CIF-Parking Facility Loan:				
JPM U.S. Treasury Plus Investments				
The Bank of New York Mellon	2010	N/A	1,097,332	1,097,332
Debt Service Fund:				
Dreyfus Treasury Prime Cash Management				
The Bank of New York Mellon	2008	N/A	9,390,309	9,390,309
JPM U.S. Treasury Plus Investments				
The Bank of New York Mellon	2009	N/A	11,890,699	11,890,699
			<u>21,281,008</u>	<u>21,281,008</u>
Debt Service Reserve Fund:				
Dreyfus Treasury Prime Cash Management				
The Bank of New York Mellon	2009	N/A	18,399,391	18,399,391
JPM U.S. Treasury Plus Investments				
The Bank of New York Mellon	2009	N/A	14,435,595	14,435,595
			<u>32,834,986</u>	<u>32,834,986</u>

LOUIS ARMSTRONG NEW ORLEANS INTERNATIONAL AIRPORT
(A Proprietary Component Unit of the City of New Orleans)

Supplemental Schedule of Investments

Year ended December 31, 2013

Description	Year Acquired	Maturity date	Book value	Fair value
Ineligible Sub-Account:				
Dreyfus Treasury Prime Cash Management				
The Bank of New York Mellon	2009	N/A	<u>2,988,397</u>	<u>2,988,397</u>
Operations and Maintenance:				
Reserve fund:				
JPM U.S. Treasury Plus Investments				
The Bank of New York Mellon	2009	N/A	<u>8,373,191</u>	<u>8,373,191</u>
Receipts Fund:				
Dreyfus Treasury Prime Cash Management				
The Bank of New York Mellon	2009	N/A	<u>358,603</u>	<u>358,603</u>
CFC Restricted:				
Dreyfus Treasury Prime Cash Management				
The Bank of New York Mellon	2010	N/A	<u>2,353,484</u>	<u>2,353,484</u>
Time Reimbursement:				
Dreyfus Treasury Prime Cash Management				
The Bank of New York Mellon	2009	N/A	<u>1,448,803</u>	<u>1,448,803</u>
Project Account:				
Dreyfus Treasury Prime Cash Management				
The Bank of New York Mellon	2009	N/A	<u>36,795,797</u>	<u>36,795,797</u>
PFC Restricted:				
Dreyfus Treasury Prime Cash Management				
The Bank of New York Mellon	2009	N/A	<u>29,134,360</u>	<u>29,134,360</u>
Total restricted investments			<u>140,387,158</u>	<u>140,387,158</u>
Total all investments			<u>\$ 208,858,740</u>	<u>\$ 208,858,740</u>

See accompanying independent auditors' report.

LOUIS ARMSTRONG NEW ORLEANS INTERNATIONAL AIRPORT
 (A Proprietary Component Unit of the City of New Orleans)

Supplemental Schedule of Operating Revenues and Expenses by Area of Activity

Year ended December 31, 2013

	<u>Landing area</u>	<u>Terminal buildings</u>	<u>Ground transportation</u>	<u>Total</u>
Operating revenues	\$ 13,203,416	\$ 57,935,076	\$ 2,346,508	\$ 73,485,000
Direct expenses	<u>3,007,115</u>	<u>16,020,458</u>	<u>3,987,501</u>	<u>23,015,074</u>
Operating revenues, less direct expenses	10,196,301	41,914,618	(1,640,993)	50,469,926
Depreciation of cost center assets	<u>18,095,464</u>	<u>17,892,547</u>	<u>713,014</u>	<u>36,701,025</u>
Operating revenues, less direct expenses and depreciation	<u>\$ (7,899,163)</u>	<u>\$ 24,022,071</u>	<u>\$ (2,354,007)</u>	<u>13,768,901</u>
Other operating expenses:				
Depreciation of non-cost center assets				2,165,087
Administrative less transfers to work in progress				<u>24,579,592</u>
Total other operating expenses				<u>26,744,679</u>
Operating loss				<u>\$ (12,975,778)</u>

See accompanying independent auditors' report.

LOUIS ARMSTRONG NEW ORLEANS INTERNATIONAL AIRPORT
(A Proprietary Component Unit of the City of New Orleans)

Supplemental Schedule of Historical Debt Service Coverage Ratio as Required under
the General Revenue Bond Trust Indenture Dated February 1, 2009

Year ended December 31, 2013

(Unaudited)

Revenues:

Airline rentals and landing fees	\$ 40,800,000
Other operating revenues	32,685,000
Nonoperating revenues	604,465
Rollover coverage	<u>3,720,332</u>
Total revenues	77,809,797

Less reserve requirements:

Operation and maintenance expenses	<u>47,601,386</u>
Net revenues	\$ <u>30,208,411</u>

Debt service fund requirement:

Principal payments	\$ 8,900,000
Interest expense	<u>5,981,328</u>
Total debt service fund requirement	\$ <u>14,881,328</u>
Historical debt service coverage ratio	<u>2.03</u>

See accompanying independent auditors' report.

(1) Basis of Accounting

The accompanying supplemental schedule has been prepared in accordance with the General Revenue Bond Trust Indenture dated February 1, 2009. The supplemental schedule excludes certain revenues and expenses as defined in the trust indenture.

(2) Rollover Coverage

On November 6, 2009, the Board approved the Rollover Coverage for fiscal years 2010-2013 in the amounts of \$3,719,527, \$3,720,107, \$3,719,960, and \$3,720,332 respectively. The funds are transferred monthly, in ratable portions of the total, to the NOAB Rollover Coverage Account held by the City of New Orleans, and then transferred to the airport operating account, held by the City of New Orleans.

**Independent Auditors' Report on Internal Control over Financial Reporting and on Compliance
and Other Matters Based on an Audit of Financial Statements Performed in Accordance with
Government Auditing Standards**

New Orleans Aviation Board and the
City Council of the City of New Orleans, Louisiana:

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the Louis Armstrong New Orleans International Airport (the Airport), as of and for the year ended December 31, 2013, and the related notes to the financial statements, which collectively comprise the Airport's basic financial statements and have issued our report thereon dated June 27, 2014.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Airport's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Airport's internal control. Accordingly, we do not express an opinion on the effectiveness of the Airport's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Airport's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Postellthwaite & Nettreville

Metairie, Louisiana
June 27, 2013

LOUIS ARMSTRONG NEW ORLEANS INTERNATIONAL AIRPORT

Schedule of Findings and Questioned Costs

December 31, 2013

None.

LOUIS ARMSTRONG NEW ORLEANS INTERNATIONAL AIRPORT

Summary Schedule of Prior Year Findings and Questioned Costs

Year ended December 31, 2013

Finding 2012-1: Federal, State & City Regulations

Criteria	FAA AIP grant assurances and grant agreements require the Airport to establish and maintain a fee and rental structure for all facilities and services at the airport which will make the Airport as self-sustaining as possible under circumstances existing at each particular airport. The Airport is also required to comply with the provisions of the Public Bid Law, R.S. 41:1211 and the provisions for leases of public lands, as required by Louisiana R.S. 2:135.1(3) in leasing Airport properties. City Charter Section 6-308(5) and Executive Order MJL 10-05 also require the Airport to comply with the State of Louisiana laws and City regulations regarding the lease of municipal-owned property.
Condition	In December 2012, the Airport discovered and reported four (4) leases that may not be in compliance with the FAA AIP grant assurances and grant agreements, Louisiana R.S. 2:135.1(3), Public Bid Law, R.S. 41:1211, City Charter Section 6-308(5), and Executive Order MJL 10-05 as to the fee and rental structure requirements for the lease of public property. The Airport also discovered and reported that three of the four leases may also not be in compliance with the same grant assurances and agreements, statute, bid law, charter and executive order as to the advertisement provisions for the lease of public lands.
Effect	The leases described above were in violation of FAA AIP grant assurances and grant agreements, Louisiana R.S. 2:135.1(3), Public Bid Law, R.S. 41:1211, City Charter Section 6-308(5), and Executive Order MJL 10-05.
Status	Partially resolved.
Management's Response:	This finding stems from activities originating prior to the current Board and its management. The Board's current Airport Director was retained in 2010. As new management was being hired, it learned of numerous contracting deficiencies resulting in an effort to situate over 160 contracts. As part of that process, management discovered these four leases and immediately self-disclosed the finding in a public Board meeting and reporting the finding to the Federal Aviation Administration and to the City's auditors.

LOUIS ARMSTRONG NEW ORLEANS INTERNATIONAL AIRPORT

Summary Schedule of Prior Year Findings and Questioned Costs

Year ended December 31, 2013

Finding 2012 – 1: Federal, State & City Regulations (continued)

The findings included the absence of concurrent land use privileges for non-aviation use of the properties from the FAA, the absence of competitive public offerings to lease the properties, the absence of fair market value (FMV) rents and the absence of compliant leases. In order to achieve compliance, the following steps were identified by the Airport: FAA concurrent land use approval, competitive public solicitations to lease the properties, FMV appraisals, FMV rent adjustments and new leases. Since that time, we have completed the following:

- Completed Fair Market Value (FMV) appraisals for each property and required the payment of these FMV rental rates;
- Secured FAA approval for concurrent non-aviation use of the properties; and
- Issued four (4) public solicitations for lease of the properties.

Proposals were received in response to two of the public lease solicitations. The selection committee is scheduled to convene a public meeting to evaluate the proposals and make recommendations for awards in July. Thereafter, we will present the committee's recommendations to the Aviation Board for approval to enter into leases with the successful proposers and complete all other steps necessary to provide fully executed leases. Since no proposals were received on the two other public lease solicitations, we intend to promptly re-advertise each of them. It is our goal to complete all necessary actions to have this finding resolved this year.

To the City of New Orleans Aviation Board
Louis Armstrong International Airport
New Orleans, Louisiana

We have audited the financial statements of the Louisiana Armstrong International Airport (the Airport), a proprietary component unit of the City of New Orleans, as of and for the year ended December 31, 2013, and have issued our report thereon dated June 27, 2014. In planning and performing our audit of the financial statements of the Airport, we considered internal control as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements but not for the purpose of expressing an opinion on the effectiveness of the Airport's internal control. Accordingly, we do not express an opinion on the effectiveness of the Airport's internal control.

During our audit we noted certain matters involving internal control and other operational matters that are presented for your consideration. These comments and recommendations, all of which have been discussed with the appropriate members of management, are intended to improve internal control or result in other operating efficiencies and are summarized as follows:

2013 Comment

None

2012 Prior Year Comment

2012 - 01 Theft

Observation

The Airport's procedures for identification badges and fingerprinting receipts did not include a routine independent reconciliation process between the receipt book totals and the subsequent bank deposits that resulted in an exposure totaling approximately \$4,905. The Airport employee responsible for the deposits to the bank account had access to cash amounts included in these deposits. The Airport reported these irregularities to the Louisiana Legislative Auditor, Jefferson Parish District Attorney's Office and City of New Orleans Office of Inspector General for further investigation.

Recommendation

We recommend that the Airport enhance its procedures to have accounting personnel verify that all receipts, which are pre-numbered, are accounted for, and that the subsequent deposit's beginning ticket number is in sequence with the prior bank deposits ending sequence number. Additionally, someone in either Security or Accounting should reconcile the receipt totals from Security Office to cash received for deposit, and then verify that the amount deposited in the bank agrees to what was received from Security. The bank account should then be reconciled by personnel who do not have contact with cash collected.

We also recommend that a copy of the receipts log should be provided to someone in accounting other than the person responsible for the deposit. This person should verify that the amounts in the log match the validated deposit tickets. Deposits should also be made timely after receipt and duplicate deposit tickets should be provided to the person responsible for checking the logs.

Status - Resolved

This report is intended solely for the information of the Airport, the Airport's management, federal, state and city awarding agencies, and the Louisiana Legislative Auditor and is not intended to be and should not be used by anyone other than these specified parties. However, under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

The Airport's written response to our comments and recommendations has not been subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Postlethwaite & Nettlesville

Metairie, Louisiana
June 27, 2014

**Independent Auditors' Report on Compliance with
Requirements Applicable to the Passenger Facility Charge
Program, on Internal Control over Compliance, and on the
Schedule of Revenues and Expenditures of Passenger Facility Charges**

New Orleans Aviation Board and the
City Council of the City of New Orleans, Louisiana:

Report on Compliance

We have audited the compliance of Louis Armstrong International Airport (the Airport), a component unit of the City of New Orleans, with the compliance requirements described in the *Passenger Facility Charge Audit Guide for Public Agencies* (the Guide), issued by the Federal Aviation Administration, for its passenger facility charge program for the year ended December 31, 2013.

Management's Responsibility

Management is responsible for compliance with the requirements of laws and regulations applicable to its passenger facility charge program.

Auditors' Responsibility

Our responsibility is to express an opinion on the Airport's compliance based on our audit. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the Guide. Those standards and the Guide require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on the passenger facility charge program occurred. An audit includes examining, on a test basis, evidence about the Airport's compliance with those requirements and performing such other procedures, as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion. However, our audit does not provide a legal determination of the Airport's compliance with those requirements.

Opinion

In our opinion, the Airport complied, in all material respects, with the requirements referred to above that are applicable to its passenger facility charge program for the year December 31, 2013.

Report on Internal Control over Compliance

Management of the Airport is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to the passenger facility charge program. In planning and performing our audit of compliance, we considered the Airport's internal control over compliance with requirements that could have a direct and material effect on the passenger facility charge program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with the Guide, but not for the purpose of expressing an opinion on the effectiveness of the Airport's internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Airport's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct noncompliance with the Guide on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance such that there is a reasonable possibility that material noncompliance with the compliance of the Guide will not be prevented, or detected and corrected on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose describes in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Report on Schedule of Revenues and Expenditures of Passenger Facility Charges

We have audited the basic financial statements of the Airport as of and for the year ended December 31, 2013, and the related notes to the financial statements, which collectively comprise the Airport's basic financial statements. We have issued our report thereon dated June 27, 2014, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The accompanying schedule of revenues and expenditures of passenger facility charges is presented for the purposes of additional analysis as required in the Guide and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Guide.

Postlethwaite + Peterville

Metairie, Louisiana
June 27, 2014

LOUIS ARMSTRONG NEW ORLEANS INTERNATIONAL AIRPORT
Schedule of Revenues and Expenditures of Passenger Facility Charges
For the year ended December 31, 2013

	Program Total December 31, 2012	Quarter 1 January - March 2013	Quarter 2 April - June 2013	Quarter 3 July - September 2013	Quarter 4 October - December 2013	Quarters 1-4 January - December 2013	Program Total December 31, 2013
Revenues:							
Collections	\$ 281,847,382	\$ 4,842,890	\$ 3,939,195	\$ 5,289,177	\$ 4,484,440	\$ 18,555,702	\$ 300,403,084
Interest	14,297,420	3	3	4	4	14	14,297,434
Total Revenues	296,144,802	4,842,893	3,939,198	5,289,181	4,484,444	18,555,716	314,700,518
Expenditures:							
Application 02-05:							
Project 05-001 - ARFF Perimeter Road, Stage I (1)	1,586,333	44,533	51	7,946	16	52,546	1,638,879
Project 05-002 - ARFF Perimeter Road, Stage II (1)	656,947	-	-	-	-	-	656,947
Project 05-003 - ARFF Perimeter Road, Stage III (1)	896,580	-	-	-	-	-	896,580
Project 05-004 - Airfield Lighting Control System (1)	672,399	18,480	21	3,297	7	21,805	694,204
Project 05-005 - Asbestos Removal Program	3,963,326	108,257	125	19,315	40	127,737	4,091,063
Project 05-006 - Concourse D Reconstruction (1)	18,972,833	587,547	679	104,829	215	693,270	19,666,103
Project 05-007 - East Air Cargo Access Roads	2,506,728	62,996	73	11,240	23	74,332	2,581,060
Project 05-008 - East Air Cargo Apron, Stage I	2,490,832	47,411	55	8,459	17	55,942	2,546,774
Project 05-010 - East/West Taxiway (VFR Runway) (1)	5,932,432	106,112	123	18,932	39	125,206	6,057,638
Project 05-011 - Fire Code Compliance Program	4,756,009	134,996	156	24,080	49	159,281	4,915,290
Project 05-013 - North GA Access Road	1,308,765	37,025	42	6,606	14	43,687	1,352,452
Project 05-014 - North General Aviation Apron, Stage I	6,103,831	95,376	110	17,017	35	112,538	6,216,369
Project 05-015 - Rehabilitate Runways and Taxiways (1)	2,695,801	16,855	19	3,007	6	19,887	2,715,688
Project 05-016 - Terminal Improvements	4,908,680	-	-	-	-	-	4,908,680
Project 05-017 - Update Airfield Guidance Sign System (1)	117,353	3,197	4	570	1	3,772	121,125
Project 05-018 - Upper Level Roadway Canopy	5,351,871	-	-	-	-	-	5,351,871
Project 05-019 - West Terminal Expansion (1)	25,199,849	675,890	781	120,577	247	797,495	25,997,344
Project 05-020 - West Terminal Utilities Expansion (1)	7,940,434	224,305	259	40,020	82	264,666	8,205,100
Total Application - 02-05	96,061,003	2,162,980	2,498	383,895	791	2,552,164	98,613,167
Application 02-06							
Project 06-001 - Aircraft Loading Bridges	9,242,214	479,338	1,744	273,567	105,597	860,246	10,102,460
Project 06-002 - Airfield Lighting Control Vault Alternative Power Source (2)	588,086	-	-	-	-	-	588,086
Project 06-004 - Airport Trench Drains (2)	1,886,917	-	-	-	-	-	1,886,917
Project 06-006 - Concourse C Reconstruction (2)	23,689,436	-	-	-	-	-	23,689,436
Project 06-007 - Environmental Impact Study for New Air Carrier Runway (2)	756,632	-	-	-	-	-	756,632
Project 06-008 - Expansion of Concourse D (2)	10,043,320	714,006	4,650	724,825	1,474	1,444,955	11,488,275
Project 06-010 - New Aircraft Rescue and Fire Fighting (ARFF) Station (2)	8,402,909	85,686	557	145,141	177	231,561	8,634,470
Project 06-011 - Rehabilitate Rotating Beacon (2)	348,560	-	-	-	-	-	348,560
Project 06-012 - Rehabilitate Runway 1/19 (2)	4,247,324	-	-	-	-	-	4,247,324
Project 06-013 - Rehabilitate Runway 10/28 (2)	23,831,003	2,289,177	8,336	1,306,478	2,642	3,606,633	27,437,636
Project 06-014 - Rehabilitate Taxiway Sierra (2)	1,405,541	-	-	-	-	-	1,405,541
Project 06-015 - South Lafon Airpark Land Purchase	5,062,117	-	-	-	-	-	5,062,117
Project 06-017 - Terminal HVAC Rehabilitation	1,278,665	-	-	-	-	-	1,278,665
Project 06-018 - West Air Cargo Complex Land Acquisition Program	1,050,244	-	-	-	-	-	1,050,244
Total Application - 02-06	91,832,968	3,568,207	15,287	2,450,011	109,890	6,143,395	97,976,363

(Continued)

LOUIS ARMSTRONG NEW ORLEANS INTERNATIONAL AIRPORT
Schedule of Revenues and Expenditures of Passenger Facility Charges
For the year ended December 31, 2013

	Program Total December 31, 2012	Quarter 1 January - March 2013	Quarter 2 April - June 2013	Quarter 3 July - September 2013	Quarter 4 October - December 2013	Quarters 1-4 January - December 2013	Program Total December 31, 2013
Application 04-07							
Project 07-001 - Airport Master Plan	1,303,829	-	-	-	-	-	1,303,829
Project 07-002 - Airport Interior Signage	1,298,209	-	-	-	-	-	1,298,209
Project 07-004 - Concourse C Checkpoint Expansion	1,230,667	-	-	-	-	-	1,230,667
Project 07-005 - Construct Connector Taxiway - Taxiway Uniform	4,651,018	-	-	-	-	-	4,651,018
Project 07-006 - Construct Holding Bay - Runway End 19	1,067,802	-	-	-	-	-	1,067,802
Project 07-007 - Exterior Terminal Renovations - Lower Roadway	4,995,000	-	-	-	-	-	4,995,000
Project 07-008 - FIS Facility	8,083,512	-	-	-	-	-	8,083,512
Project 07-009 - Gate Utilization Study	455,662	-	-	-	-	-	455,662
Project 07-011 - Part 1542 Security System	11,366,883	37,066	-	-	-	37,066	11,403,949
Project 07-013 - Residential Sound Insulation Program /Land Acquisition	3,307,734	-	-	-	-	-	3,307,734
Project 07-014 - TSA - Related Terminal Modification and Airline Relocations	5,918,809	-	-	-	-	-	5,918,809
Project 07-016 - Terminal HVAC Rehabilitation - Phase II	2,101,018	-	-	-	-	-	2,101,018
Project 07-017 - Terminal HVAC Rehabilitation - Phase III	1,449,000	-	-	-	-	-	1,449,000
Project 07-018 - Terminal Interior and Exterior Improvements	21,075,678	285,712	(60,736)	286,755	590	512,321	21,587,999
Project 07-019 - Terminal Pedestrian Access Enhancements	1,381,705	-	-	-	-	-	1,381,705
Total Application - 04-07	69,686,526	322,778	(60,736)	286,755	590	549,387	70,235,913
Application 06-08							
Project 08-004 - Acquire 3,000 Gallon ARFF Vehicle	742,165	-	-	-	-	-	742,165
Total Application - 06-08	742,165	-	-	-	-	-	742,165
Application 09-09							
Project 09-001 - Hazardous Wildlife Study	28,632	-	-	1,701	-	1,701	30,333
Project 09-004 - Taxiway G Extension - East	419,130	-	(896)	-	-	(896)	418,234
Total Application - 09-09	447,782	-	(896)	1,701	-	805	448,587
Application 09-10							
Project 10-001 - Terminal Apron Rehabilitation	7,224,238	176,607	(639,496)	-	46,680	(436,209)	6,788,029
Project 10-002 - Northwest Service (Perimeter) Road	956,608	-	(254,955)	-	(14,486)	(269,441)	687,167
Project 10-005 - Baggage Handling System	1,250,293	285,575	1,850	286,618	590	574,643	1,824,936
Project 10-007 - Airfield Lighting Vault	1,500,000	-	(366,497)	-	(970)	(367,467)	1,132,533
Project 10-008 - Runway 06/24 Downgrade	165,550	-	(145,549)	(20,000)	-	(165,549)	1
Total Application - 09-10	11,096,689	462,182	(1,424,637)	266,618	31,814	(664,023)	10,432,666
Total Expenditures	269,867,133	6,516,147	(1,468,484)	3,390,980	143,085	8,581,728	278,448,861
PFC revenues in excess of (under) expenditures	\$ 26,277,669	\$ (1,673,254)	\$ 5,407,682	\$ 1,898,201	\$ 4,341,359	\$ 9,973,988	\$ 36,251,637

See accompanying notes to schedule of revenues and expenditures of passenger facility charges.

LOUIS ARMSTRONG NEW ORLEANS INTERNATIONAL AIRPORT

Note to Schedule of Revenues and Expenditures of Passenger Facility Charges

Year ended December 31, 2013

(1) Schedule of Revenues and Expenditures of Passenger Facility Charges

The accompanying Schedule of Revenues and Expenditures of Passenger Facility Charges (PFC) presents the revenues received from the PFC and expenditures incurred on approved projects. The Schedule has been prepared on the cash basis of accounting under which revenues are recognized when received and expenditures are recognized when paid.

PFC revenue collections represent cash collected through the end of the month subsequent to the quarter-end as reported to the Federal Aviation Administration (FAA) in accordance with 14 CFR Part 158. The interest recognized represents the actual interest collected on the unexpended PFC cash collected during the periods reported.

The approved collection rate for the 10 projects denoted by (1) was increased by the FAA from \$3.00 per enplaned passenger to \$4.50 per enplaned passenger, effective April 1, 2002 upon the Airport's submission of Application 02-05 in order to amend the collection level for projects within the PFC program. The collection level for the remaining projects within Application 02-05 remained at \$3.00 per enplaned passenger.

The approved collection level for the 9 projects denoted by (2) was increased by the FAA from \$3.00 per enplaned passenger to \$4.50 enplaned passenger, effective April 1, 2002, upon the Airport's submission of Application 02-06. The collection level for the remaining projects was approved by the FAA at \$3.00 per enplaned passenger, effective April 1, 2002.